

August 14, 2003

IN RE: DOCKET NO. 2002-367-C & 2002-408-C

**COPY OF RESPONSES OF VERIZON SOUTH, INC. TO THE
INTERROGATORIES (SET NO. 2) OF THE CONSUMER ADVOCATE
HAVE BEEN DISTRIBUTED TO THE FOLLOWING:**

McDaniel, Chief

Legal Dept. (1)

F. Belser

P. Riley

J. Spearman

Exec. Director

Manager, Utils. Dept.

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tod

Regulatory & Governmental Affairs

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August 11, 2003

Mr. Gary E. Walsh
Executive Director
SC Public Service Commission
P.O. Drawer 11649
Columbia, SC 29211

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In Re: Docket 2002-367-C & Docket 2002-408-C

Dear Mr. Walsh:

Enclosed you will find the Responses of Verizon South Inc. to the Interrogatories of the Consumer Advocate (Set No. 2) in the above referenced docket/s. Also enclosed is a Certificate of Service attesting that the Consumer Advocate has been provided the required copies of these responses.

Please do not hesitate to contact our office should you have any questions concerning this matter.

Respectfully,

Stan J. Bugner
STAN J. BUGNER
State Director

C: Steven W. Hamm, Esq.

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA

IN RE:

DOCKET 2002-367-C - Generic Proceeding to)
Address "Abuse of Market Position")

CERTIFICATE OF SERVICE

DOCKET 2002-408-C - Generic Proceeding to)
Define The Term "Inflation-Based Index")

This is to certify that I have caused to be served this day, two (2) copies of the Responses of Verizon South Inc. to the Interrogatories of the Consumer Advocate, (Set No. 2) as referenced in the above docket/s via electronic delivery and US Mail, First Class Postage Prepaid to the Parties of Record as indicated below. In addition, a copy of same has been provided to the Executive Director of the South Carolina Public Service Commission.

Elliott F. Elam, Esquire
South Carolina Department of Consumer Affairs
P. O. Drawer 5757
Columbia, SC 29250-5757

Allen G. Buckalew
J. W. Wilson & Associates, Inc.
1601 North Kent Street - Suite 1104
Arlington, VA 22209

Gary E. Walsh, Executive Director
SC Public Service Commission
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WANDA R. RODGERS
Verizon Services Group Inc.
1301 Gervais St. - Suite 825
Columbia, SC 29201
(803) 254-5736

August 11, 2003
Columbia, South Carolina

STATE OF SOUTH CAROLINA
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:)	
)	
)	
Generic Proceeding to Address the)	Docket No. 2002-367-C
Definition of "Abuse of Market Position")	
)	
and)	
)	
Generic Proceeding to Define the Term)	Docket No. 2002-408-C
"Inflation-Based Index")	
)	
)	

**VERIZON SOUTH INC.'S RESPONSE TO
THE CONSUMER ADVOCATE'S
SECOND SET OF INTERROGATORIES (SET NO. 2)**

Verizon South Inc. (Verizon) hereby submits this written response to the Second Set of Interrogatories (Second Set) propounded by The Consumer Advocate.

GENERAL OBJECTIONS

1. Verizon submits these responses subject to all objections that would be available if they were offered at hearing, and all such objections are hereby expressly reserved and may be interposed at time of hearing or at any other time. By providing these responses, Verizon is not making any incidental or implied admissions regarding the content of any document requested and/or produced. No response to any interrogatory is intended nor shall any response be construed as a waiver by Verizon of all or any part of any objection to any request.

2. Verizon objects to the Second Set to the extent that it calls for the production, identification, or disclosure of information or documents protected by the attorney-client privilege, information or documents protected by the work-product doctrine, or information or documents protected as trial preparation material.

3. Verizon objects to the Second Set to the extent that it does not comply with or to the extent that it calls for the production of documents beyond the requirements of applicable South Carolina Rules.

4. Verizon objects to the Second Set to the extent that it seeks information that is irrelevant to this proceeding or is not likely to lead to the discovery of relevant information.

5. Verizon objects to the Second Set to the extent that it seeks to have Verizon create documents not in existence at the time of the request.

6. Verizon objects to the Second Set to the extent that it is overly broad and unduly burdensome.

7. Verizon objects to the Second Set to the extent that it calls for Verizon to produce publicly available documents.

8. In light of the short period of time Verizon was afforded to respond to the Second Set, discovery and the development of Verizon's position are necessarily ongoing, and Verizon's response may be subject to supplementation or further refinement. Verizon therefore reserves the right, at its discretion, to supplement or modify its response. However, Verizon does not assume an affirmative obligation to supplement its answers on an ongoing basis and therefore objects to The Consumer Advocate's instruction to the contrary.

**VERIZON SOUTH INC.
DOCKETS 2002-367-C AND 2002-408-C
RESPONSES TO THE INTERROGATORIES
OF THE CONSUMER ADVOCATE
(SET NO. 2)**

SPECIFIC OBJECTIONS AND RESPONSES

2-1 Interrogatory:

In his Reply Testimony at page 7, Mr. Trimble implies that in some of the states or jurisdictions where it operates that it can increase local exchange rates by an inflation index alone, without a productivity offset. Please provide the orders authorizing such a plan.

2-1 Response :

Verizon objects to this interrogatory as irrelevant and overbroad because it seeks information about the law governing Verizon's operations outside South Carolina.

Verizon also objects to this interrogatory because it seeks documents and information from publicly available sources that are equally convenient to The Consumer Advocate.

Finally, Verizon objects to this interrogatory because it misstates Mr. Trimble's testimony. In Reply Testimony at page 7, Mr. Trimble states that "Ten of those locations have pricing formulas that are based on some measure of inflation (usually GDP-PI). Only six of those states still incorporate an inflation-based index and a productivity offset." Mr. Trimble does not imply that these states use an annual automatic update to basic rates. To the contrary, he implies that these states use an inflation factor in their pricing rules with no productivity factor.

Subject to and without waiving the foregoing objections, Verizon directs the Consumer Advocate to “Response to Interrogatory 1-1” submitted in this docket.

2-2 Interrogatory :

In his Reply Testimony at pages 7- 8, Mr. Trimble states that the FCC changed its rules and regulations on the application of an inflation based index by removing the productivity or X factor offset. Please provide a copy of the FCC order(s) that changed its rules.

2-2 Response :

Verizon objects to this interrogatory because it seeks documents and information from publicly available sources that are equally convenient to The Consumer Advocate.

In Reply Testimony at pages 7-8, Mr. Trimble states that the FCC no longer incorporates a productivity offset in its price rules for interstate services and cites the CALLS Order, paragraph 160 which states, in pertinent part, that “...the X-factor as adopted herein will not be a productivity factor as it has been in past price cap formulas.” Subject to and without waiving the foregoing objections, Verizon directs the Consumer Advocate to the FCC’s “Sixth Order and Report in CC Docket Nos. 96-262 and 94-1, Report and Order in CC Docket No. 99-249, Eleventh Report and Order in CC Docket No. 96-45” adopted May 31, 2000, and released May 31, 2000. The Order can be found at the following website: http://hraunfoss.fcc.gov/edocs_public/attachmatch/FCC-00-193A1.doc

**Respondent: Dennis B. Trimble, Executive Director – Regulatory
Verizon Services Group, Inc.**